
By: **Delegate Owings**

Introduced and read first time: February 7, 2003

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Real Property - Residential Lease - Reservation Fee**

3 FOR the purpose of authorizing a landlord to require a certain reservation fee from a
4 prospective tenant under certain situations; prohibiting a landlord from
5 simultaneously holding more than one reservation fee for a unit; authorizing the
6 landlord to apply the reservation fee to certain loss or damage suffered by the
7 landlord as a result of the prospective tenant failing to execute the lease or
8 occupy the unit; setting a certain monetary limit on the reservation fee;
9 providing that the reservation fee is in addition to certain other fees a landlord
10 may require; requiring the landlord to return the reservation fee within a
11 certain time period or credit the reservation fee to the tenant's account if the
12 prospective tenant executes the lease and occupies the unit; setting a penalty of
13 up to twice the amount of the reservation fee if the landlord fails, under certain
14 circumstances, to comply with certain requirements; providing for the
15 application of this Act; and generally relating to a reservation fee that a landlord
16 may require from a prospective tenant.

17 BY repealing and reenacting, with amendments,
18 Article - Real Property
19 Section 8-213
20 Annotated Code of Maryland
21 (1996 Replacement Volume and 2002 Supplement)

22 BY adding to
23 Article - Real Property
24 Section 8-213.1
25 Annotated Code of Maryland
26 (1996 Replacement Volume and 2002 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
28 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Real Property

2 8-213.

3 (a) An application for a lease shall contain a statement which explains:

4 (1) The liabilities which the tenant incurs upon signing the application;

5 and

6 (2) The provisions of subsections (b) and (c) of this section.

7 (b) (1) (i) If a landlord requires from a prospective tenant any fees other
8 than a security deposit AND A RESERVATION FEE as defined by [§ 8-203(a)] §§
9 8-203(A) AND 8-213.1 of this subtitle, and these fees exceed \$25, then the landlord shall
10 return the fees, subject to the exceptions below, or be liable for twice the amount of
11 the fees in damages.

12 (ii) The return shall be made not later than 15 days following the
13 date of occupancy or the written communication, by either party to the other, of a
14 decision that no tenancy shall occur.

15 (2) The landlord may retain only that portion of the fees actually
16 expended for a credit check or other expenses arising out of the application, and shall
17 return that portion of the fees not actually expended on behalf of the tenant making
18 application.

19 (c) This section does not apply to any landlord who offers four or less dwelling
20 units for rent on one parcel of property or at one location, or to seasonal or
21 condominium rentals.

22 8-213.1.

23 (A) THE LANDLORD MAY REQUIRE A RESERVATION FEE FROM A PROSPECTIVE
24 TENANT TO RESERVE A UNIT FOR RENTAL.

25 (B) A LANDLORD MAY NOT SIMULTANEOUSLY HOLD MORE THAN ONE
26 RESERVATION FEE FOR EACH RENTAL UNIT.

27 (C) IF THE PROSPECTIVE TENANT'S APPLICATION IS ACCEPTED AND THE
28 PROSPECTIVE TENANT, THEREAFTER, FAILS TO EXECUTE THE LEASE OR REFUSES
29 TO TAKE OCCUPANCY OF THE RENTAL UNIT, THE LANDLORD MAY APPLY THE
30 RESERVATION FEE TOWARD ANY LOSS OR DAMAGE SUSTAINED BY THE LANDLORD
31 AS A RESULT OF THE PROSPECTIVE TENANT'S FAILURE TO EXECUTE THE LEASE OR
32 REFUSAL TO OCCUPY THE UNIT.

33 (D) (1) A RESERVATION FEE MAY NOT EXCEED AN AMOUNT EQUAL TO 1
34 MONTH'S RENT FOR THE RENTAL UNIT FOR WHICH THE RESERVATION FEE IS PAID.

1 (2) A RESERVATION FEE MAY BE REQUIRED IN ADDITION TO THE
2 SECURITY DEPOSIT, FIRST MONTH'S RENT, AND ANY OTHER FEES REQUIRED UNDER
3 § 8-213 OF THIS SUBTITLE.

4 (E) IF THE PROSPECTIVE TENANT EXECUTES THE LEASE AND TAKES
5 OCCUPANCY OF THE RENTAL UNIT FOR WHICH THE RESERVATION FEE WAS PAID,
6 THE LANDLORD SHALL, AT THE LANDLORD'S OPTION:

7 (1) REFUND THE RESERVATION FEE TO THE TENANT WITHIN 30 DAYS
8 AFTER THE TENANT TAKES POSSESSION OF THE RENTAL UNIT; OR

9 (2) CREDIT THE RESERVATION FEE TO THE TENANT'S ACCOUNT.

10 (F) IF THE LANDLORD, WITHOUT A REASONABLE BASIS, FAILS TO COMPLY
11 WITH SUBSECTION (E) OF THIS SECTION, THE LANDLORD SHALL BE LIABLE FOR UP
12 TO TWICE THE AMOUNT OF THE RESERVATION FEE IN DAMAGES.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
14 construed to apply only prospectively and may not be applied or interpreted to have
15 any effect on or application to any residential lease application made before the
16 effective date of this Act.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 2003.